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**Department of Commerce and Insurance
Commissioner Anne Pope**

NEWS RELEASE

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**24 ATTORNEYS GENERAL REACH AGREEMENT WITH THREE MAJOR LONG
DISTANCE CARRIERS REGARDING DISCOUNT PLANS**

Attorneys General of 24 states including Tennessee Attorney General Paul G. Summers and the Tennessee Division of Consumer Affairs reached an agreement with three major long distance carriers over the carriers' advertising of their discount long distance plans. AT&T, MCI Worldcom, and Sprint agreed, among other things, to disclose the extra costs and fees that go along with these discount long distance plans, resolving a two-year inquiry into the carriers' advertising practices.

The carriers have agreed to make certain disclosures to consumers which reveal the total cost of the long distance service they are offering, with the exception of taxes that the carriers are required by law to pass on to their customers.

"We hope all long distance companies will follow the lead of these three carriers with this new agreement," Attorney General Paul G. Summers said. "Tennesseans will benefit by getting clearer advertising and being better informed before signing up for special long distance offers."

The states have alleged the carriers were advertising long distance service for two cents or five cents a minute without adequately disclosing all the extra fees customer would have to pay to take

advantage of these offers. The states also allege by the time consumers pay all the extra fees, they are paying much more than the quoted price. This is especially true for consumers who do not make many long distance calls per month, but are paying the same monthly fee as those who make a large volume of long distance calls.

AT&T, MCI Worldcom, and Sprint all deny any wrongdoing, but have agreed to pay a total of \$1.5 million to the states. Tennessee's share will be \$70,000 to cover costs of the investigation and consumer education.

In some instances, the states claimed that some fees were not disclosed at all. Other allegations include that the carriers failed to tell consumers clearly that the rates were only good on certain days of the week, certain hours of the day, or for calls between states, as opposed to calls within the consumers' home state, and that the rates for the rest of the time were much higher.

As part of the agreement, a carrier must disclose any other charges to be incurred along with the quoted price in all advertisements. For example, if a carrier is offering state-to-state long distance for five cents per minute but consumers must also pay a \$4.95 monthly fee, a Universal Service Fund fee, and additional state-specific fees which the carrier chooses to pass on to its customers, the carrier must mention all of this in its advertising. Also, in this example, if in-state long distance rates are higher than five cents per minute, the carrier must say so.

Although only AT&T, MCI Worldcom, and Sprint are involved in the settlement agreements, the states expect all carriers to disclose the full cost of their service in all their advertisements.

"You have the right to choose the long distance carrier that has the best plan for your needs," Division of Consumer Affairs Director Dave McCollum said. McCollum and Attorney General Summers offered the following advice to consumers:

- *Long distance companies are competing for your long distance dollars so do some homework and comparison shop for the best deal.

- *The very first step is to know yourself, your calling patterns, who and where you call the most and find a plan that fits those needs.

- *If you have questions, the FCC has a toll free number on telephone issues (1-888-CALL-FCC) that can help in making a decision.